

**Cabinet – 24 June 2015****Pre-Audit Outturn 2014/15 and Resource Allocation 2016/17 to 2019/20**

**Portfolio:** Councillor M. Bird – Leader of the Council

**Related Portfolio:** All

**Service:** Finance – council wide

**Wards:** All

**Key decision:** No

**Forward plan:** No

**1. Summary of report****1.1 *Pre-audit outturn 2014/15***

The overall pre-audit net revenue pre-audit outturn is £88.40m against a budget of £86.76m, an overspend variance of £1.64m (0.26% of gross expenditure) net of recommended carry forwards of £696k. The pre-audit capital outturn is a net underspend of £350k, net of council funded carry forwards of £5.27m.

**1.2 *Treasury Management***

The report confirms that treasury management activity has been undertaken in accordance with the Code of Practice on Treasury Management and Walsall complied with all statutory Prudential Indicators.

**1.3 *Medium Term Financial Strategy and Capital Strategy***

This report seeks Cabinets approval of changes to the medium term financial strategy (MTFS) and capital strategy; the framework within which the council's financial planning and management is undertaken. It is good practice to regularly review and update these key strategic documents and obtain formal Cabinet approval.

**1.4 *Resource Allocation (Budget) Framework***

The report also sets out the process and timeline for the four year budget process for 2016/17 to 2019/20.

## **2. Recommendations**

Cabinet are requested to:

- 2.1 Note the revenue carry forwards approved by the Chief Finance Officer (CFO) in consultation with the portfolio holder for finance, as set out in table 1 of the report.
- 2.2 Note the capital re-profiling and carry forwards approved by the CFO in consultation with the portfolio holder for finance, as set out in the main body of the report and in appendix 2.
- 2.3 Note the pre-audit revenue outturn overspend of £1.64m and the pre-audit capital outturn underspend of £350k. £340k of this capital underspend will be used to support the 2015/16 capital programme as approved by Council.
- 2.4 Note the financial health indicators for 2014/15 summarised in Appendix 1
- 2.5 Approve the proposed use of s31 grant as outlined in 3.5.
- 2.6 Note the 2014/15 prudential indicators in Appendix 3 of this report and Walsall's compliance with these indicators.
- 2.7 Approve the changes to the Medium Term Financial Strategy and Capital Strategy.
- 2.8 Approve the process and timetable for setting the budget – the Resource Allocation Framework.

## **3. Pre-Audit Outturn 2014/15**

- 3.1 Cabinet have received financial reports to allow it to monitor the financial position of the council and consider plans for corrective action during 2014/15. Maintaining financial stability is a key requirement. This report illustrates the pre-audit revenue and capital outturns for 2014/15 along with revenue and capital carry forwards into 2015/16.
- 3.2 The carry forward protocol has been in use for several years. Carry forwards are usually allowed only where the council has outturned on or under budget. Due to the council having a revenue overspend in 2014/15 only a limited number of carry forward requests were approved. Capital carry forwards have also been approved as set out below.

### **3.3 Revenue Outturn**

Managers are required to deliver their service targets and improvements within budget. Small variations are normal and insignificant on a gross revenue budget (excluding internal charges) of £634.27m. The council wide pre-audit revenue outturn is an overspend of £1.64m following endorsement of carry forwards. These

were approved by the CFO under delegations approved by Cabinet, and after consultation with the portfolio holder for finance.

#### Revenue carry forwards from 2014/15 to 2015/16

- 3.4 Carry forwards are a means of recognising sound budget management by allowing the carry forward of planned revenue underspends and/or achieved revenue savings, excluding the use of windfalls/ unplanned underspends/savings. This is dependent on achievement of planned service delivery targets/ outcomes. Total revenue carry forward requests of £696k were approved, as shown in table 1 overleaf.

<b>Table 1: Revenue carry forwards from 2014/15 to 2015/16</b>	
<b>Use of carry forward</b>	<b>Carry forward £</b>
<b>Children's Services</b>	
Safeguarding – Walsall Safeguarding Children's Board	25,207
<b>Total Children's Services</b>	<b>25,207</b>
<b>Neighbourhood Services</b>	
Clean & Green – additional costs of waste disposal	266,000
Clean & Green – water recycling system for vehicle wash	25,000
Clean & Green – consultancy costs for waste collection	50,000
Communities & Partnerships – Area Partnerships	100,000
Communities & Partnerships – Ryecroft Hub	9,892
Leisure & Community Health – catering overspend	(15,605)
Leisure & Community Health – Japanese knotweed	87,179
<b>Total Neighbourhood Services</b>	<b>522,466</b>
<b>Regeneration</b>	
Planning & Building Control - Match funding sports pitch Sports England and BC sports	5,000
<b>Total Regeneration</b>	<b>5,000</b>
<b>Resources</b>	
Human Resources – Trent update	44,787
Internal Audit – Temporary staff and specialist IT audit work	46,915
Shared Services – one off revenue costs associated with 'bring your own device'	51,625
<b>Total Resources</b>	<b>143,327</b>
<b>Approved revenue carry forwards</b>	<b>696,000</b>

#### Earmarked reserves for s31 grant

- 3.5 The Council was allocated a one off s31 grant in 2014/15 of £30,220 to support the preparation of the implementation of the Early Years Pupil Premium and provide support to local settings as they set up and deliver integrated working on 2 year old assessment with health practitioners. This is an unringfenced grant, with local discretion on its use. The funding received in 2014/15 has been transferred to an earmarked reserve for use in 2015/16, subject to Cabinet approval.

Children's Services propose to use this funding to address key issues to close the disadvantage gap in early years, with a plan to hold a conference titled 'Walsall's Pupil Premium Conference: Working together to close the disadvantage gap', giving Headteachers, Pupil Premium Leads and Chair of Governors the opportunity to:

- Review processes for collating and analysing pupil premium data that informs planning to meet the individual needs of pupils
- Reflect on current practices for the use of pupil premium
- Explore innovative ideas and strategies
- Consider uses of the Early Years Pupil Premium

The conference will include a key note speech from The National Leader on Pupil Premium – John Dunford; workshops from other national speakers; examples of local best practice from Walsall schools; and contributions from LA partners and services. The outcome and learning from this conference will be used to inform the shaping of the early years pupil premium scheme in Walsall.

### Capital Outturn 2014/15

- 3.6 The capital programme budget for 2014/15 was £60.69m, of which spend was £45.42m, resulting in unspent allocations of £15.27m. Of this, £14.92m has been approved for carry forward into 2015/16, resulting in an adjusted underspend of £0.35m. Of this, £0.34m has been used to part fund the 2015/16 capital programme.
- 3.7 The draft pre-audit position is split between council funded schemes, prudential borrowing and external funded schemes, as shown in appendix 2, and summarised in table 2 below:

<b>Table 2 : Capital Outturn 2014/15</b>					
<b>Funding</b>	<b>Budget £m</b>	<b>Outturn £m</b>	<b>Variance £m</b>	<b>Carry Fwd £m</b>	<b>Underspend £m</b>
Council Funded	20.68	15.06	(5.62)	(5.27)	(0.35)
Prudential Funded	10.07	8.09	(1.98)	(1.98)	0
Externally Funded	29.94	22.27	(7.67)	(7.67)	0
<b>Total</b>	<b>60.69</b>	<b>45.42</b>	<b>(15.27)</b>	<b>(14.92)</b>	<b>(0.35)</b>

- 3.8 Capital carry forward is defined as a means to carry capital resources from one year to another to cover identifiable commitments that have moved from one year to another, or where a project spans more than one year. Carry forward is not a means to carry forward underspends. In a large organisation, dealing with construction projects, procurement regulations, etc, a level of carry forward is expected and built into resourcing assumptions. It is recognised that capital projects can cross over years and it is often difficult to be accurate in the estimation of which year the expenditure will be incurred. Once approved, the use of capital carry forwards must not be varied without Cabinet approval.
- 3.9 As indicated above, the vast majority of the carry forwards, equating to 51% or £7.67m of the total, relate to grant funded schemes, of which £2.8m relates to schools/children's and £2.04m of major regeneration schemes. These schemes tend to require carry forward due to the timing of the receipt of the grant versus the

actual spend, which in school's is often during the next summer of the next financial year.

### **Financial Health Indicators**

- 3.10 The annual review of financial health indicators is shown at Appendix 1. This summarises the following:
- Strong treasury management performance for 2014/15.
  - Strong balance sheet financial performance.
  - Council tax and business rate collection rates as expected.
  - Strong sundry debtor collection rates, showing an average of 25 days in 2014/15 to collect debt.
  - Strong creditor performance, showing an average of 14 days in 2014/15 to pay creditor invoices.
  - Revenue and capital position for 2014/15– as outlined in this report.

### **Collection Fund**

- 3.11 *Business Rates Retention Scheme.* The new scheme was introduced from 1 April 2013 which was intended to encourage economic growth and transferred risks previously borne by Government to local authorities. A shortfall in income due to changes in rateable value, successful appeals, exemptions and discounts against what was estimated in January 2014 and included within the council's budget for 2014/15 results in a deficit on the collection fund. The council will bear 49% of the overall deficit which will reduce the council local share income for 2016/17. The actual deficit for 2014/15 on the collection fund was a deficit of £6.042m of which Walsall will have to fund £2.961m.
- 3.12 *Council Tax.* The collection fund showed a surplus in 2014/15 of £1.246m for council tax. Of this £1.003m is to be reimbursed to the council's balances in 2016/17 taking into account any previously assumed surplus which has been included within the 2015/16 budget.

## **4. Treasury Management**

- 4.1 Pre-audit prudential and treasury indicators are to be found in **Appendix 3** of this report. The CFO confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached. During 2014/15, the council complied with its legislative and regulatory requirements. The council also complied with its local indicators.
- 4.2 Investment performance has been good, the average rate achieved from investments being 1.09% compared to the 0.76% benchmarked average. A comprehensive Annual Treasury Report will be reported to Audit Committee and on to Council.

## **5. Changes to Medium Term Financial Strategy (MTFS) and Capital Strategy**

- 5.1 Best practice financial management requires an MTFS and Capital Strategy which is regularly updated to take into account the changing environment within which we work.
- 5.2 The MTFS has been updated to reflect the following:
- Reference to the Corporate Plan as approved by Council on 26 February 2015, and its contents regarding council priorities. It is recognised that this will change again once the new Administration have updated the Plan to reflect their priorities.
  - Reference to the Corporate Risk Management Strategy as approved by Audit Committee on 20 April 2015.
  - Updated national policy, financial context and the medium term financial outlook, following approval of the 2015/16 budget by Council on 26 February 2015.

*The revised MTFS is attached electronically to this report on the Council's Committee Management Information System webpage should members wish to refer to the full document.*

- 5.3 The Capital Strategy has been updated to reflect the following –
- Reference to the Corporate Plan as approved by Council on 26 February 2015, and its contents regarding council priorities. It is recognised that this will change again once the new Administration have updated the Plan to reflect their priorities.
  - Reference to approved capital schemes currently in progress.
  - Revisions to the capital approval process

*The revised Capital Strategy is attached electronically to this report on the Council's Committee Management Information System webpage should members wish to refer to the full document.*

## **6. The Medium Term Financial Outlook (MTFO) and Resource Allocation Framework (including budget 2016/17) 2016/7 – 2019/20 and Timetable**

- 6.1 The council's medium term financial outlook has been updated to reflect estimated reductions in government funding and other known cost pressures (contractual inflation, pay and pensions etc) resulting in a forecast funding gap of £82m against our current net council tax requirement over the next four years. There is therefore no headroom for new ongoing revenue investment unless financial capacity is liberated from existing financial resources. This is due to cost pressures being higher than the additional resources that will be received in income to the council via the Government settlement and external fees and charges.
- 6.2 Resources are allocated and budgets are set within a framework of protocols and guidelines, in particular the medium term financial strategy, capital strategy and Corporate Plan. Decisions will need to be made about how to achieve a balanced budget, in the context of the needs of the borough and also to ensure that we

continue to care for the most vulnerable in our communities. Whilst it is recognised that Council will only set the council tax bands for 2016/17 in February 2016, the budget will take a four year view, allowing for a more strategic focus to service re-design and savings aligned to the longer term priorities of the council.

6.3 The council is committed to adopting a holistic and collaborative approach, and there is strong consensus that this approach will produce better results than taking a traditional perspective on the financial challenges facing the council. By taking this collaborative approach, using knowledge and understanding of our communities and evidence about the impact of service delivery, proposals will be developed that will be designed to make best use of all of our resources and to make the optimum impact that we can for the residents and businesses of Walsall.

6.4 In considering resource allocation, funding for the development of services will need to be met from the redirection of existing resources and the identification of new or revised income sources. The council will need to be a leaner, more focussed organisation. The resource allocation process (RAP) considers:

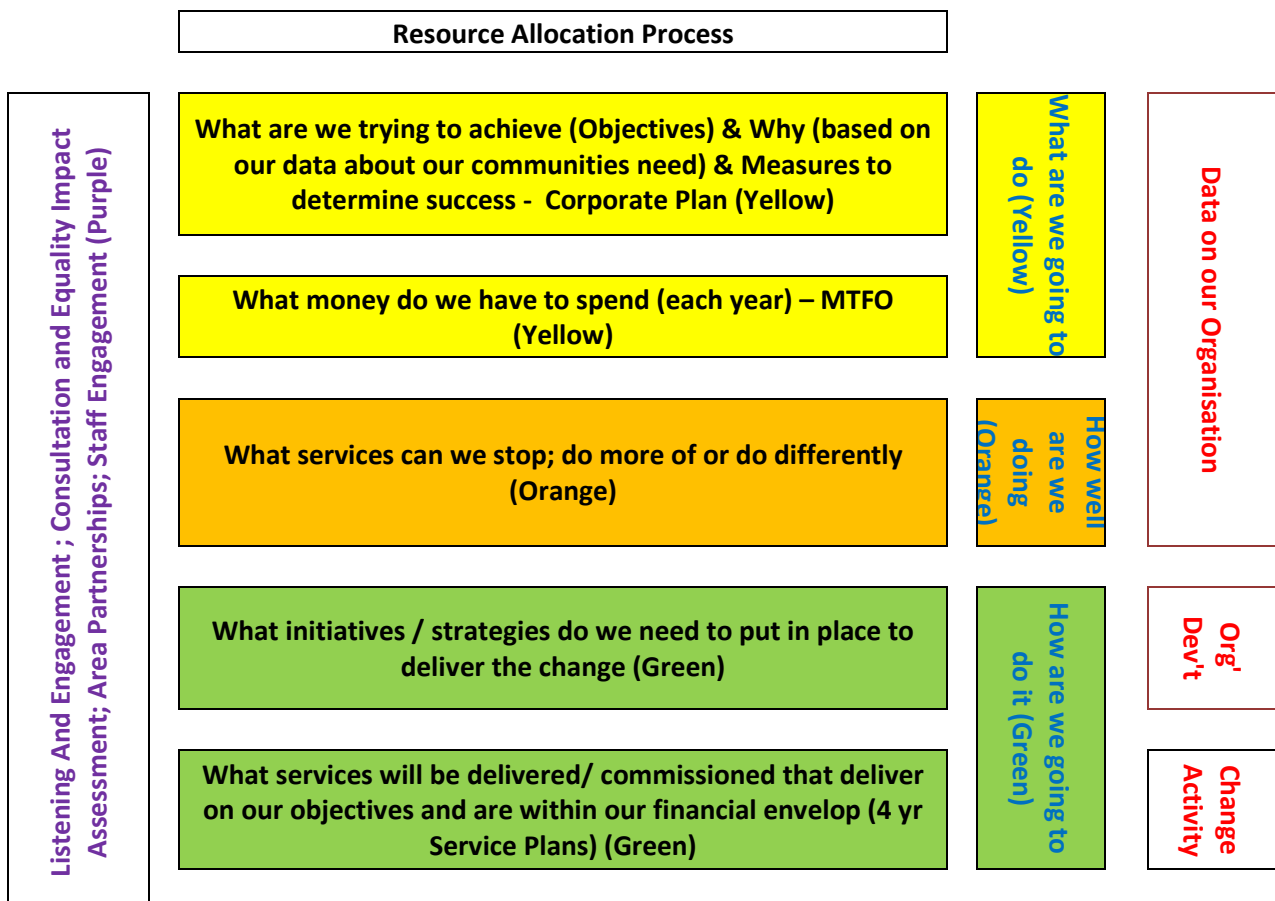
- The council's priorities – what does it want to do, to what standard and what results does it want to achieve and at what cost
- The methods of service delivery that will deliver value for money (e.g.: in-house, partnerships, outsourcing).
- The organisational structure that is needed to support the above.
- The level of council tax increases (subject to Government direction and referendum levels) and what this means for the council's overall budget.
- Income that can be generated (through the charging policy, increased charges, new charges, new grants, etc).
- The levels of reserves and contingencies required for financial prudence and to proactively manage the council's risks (set out by the Chief Finance Officer).
- The use of unringfenced grant – it is assumed that all unringfenced grant be pooled to support the corporate good, unless Cabinet approve otherwise during the budget process.
- Stakeholder consultation and lobbying.

6.5 Our approach to Resource Allocation will:

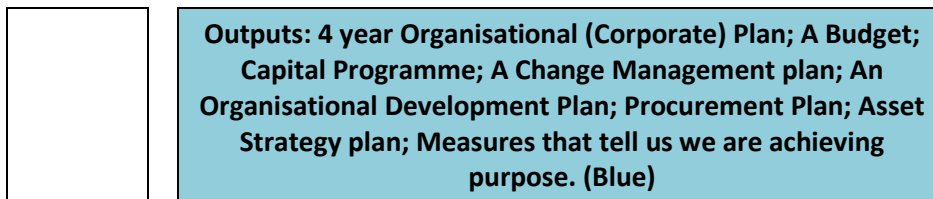
- I. Be first and foremost focussed on purpose and objectives – the Corporate Plan (subject to revisions requested by the Administration). This will drive service delivery*
- II. Follow a (minimum) four year approach*
- III. Fit the financial envelope available - funding for the development of services will need to be met from the redirection of existing resources through the implementation and rollout of organisational and service redesigns; and the identification of new or revised income sources*
- IV. Allow for a strategic focus to cross organisational as well as service re-design*
- V. Include early and effective engagement, consultation and impact assessment, with our staff, partners, and stakeholders*

- VI. *Seek to use knowledge and understanding of our communities and evidence about the impact of service delivery and revisions to that delivery*
- VII. *Make best use of all of our resources (including partner resources) and to make the optimum impact that we can for the residents and businesses of Walsall.*
- VIII. *Be aware of and take account of external drivers and be flexible enough to adapt to changes in these*
- IX. *Identify key change required and ensure this is adequately resourced.*

The outline process is overleaf, which aims to provides a framework for officers and Members to work collaboratively, within a defined timetable, to ensure that as well providing the goal of achieving a 4 year organisational delivery plan, it will ensure that a balanced “budget” is set for 2016/17 as required by Statute.







6.6 The first stage (yellow) of the process is clearly defining 'What we are going to do' - what we are trying to achieve (our objectives) and 'what money do we have' to achieve these objectives.

- The council's current Corporate Plan is currently being reshaped by the new Administration.
- The MTFO has been updated – and directorate cash limits will be produced to allow a collaborative approach to formulating resource allocation options which can most effectively meet the revised Corporate Plan Purpose and Objectives.

It is important that measures are put in place so that we know how well we are delivering against the Council's objectives.

6.7 The second stage (orange) is assessing current service delivery against the revised objectives and providing options to vary these to better meet purpose and objectives, within the reduced financial envelope. In formulating these delivery options, intelligence and data will be used to inform the most appropriate options to put forward for member consideration. The overall purpose of this stage is to identify: 'What services we can stop doing; do more of; do differently or more efficiently/effectively'.

In order to do that, the council will need to consider;

- What services are we currently delivering/commissioning to achieve those objectives and how much do they cost?
- How well are these services doing in achieving our objectives and meeting need?

6.8 Once options have been produced and proposals put forward, a delivery plan is required – supported by a change programme and organisational development plan which are resourced to ensure delivery of the objectives. Therefore the third stage (green) is 'How we deliver the change' with the fourth (blue) being the Corporate Plan; The Financial Plan (the revenue and capital spending plan which will be reported to Cabinet on 3 February for recommendation to Council (including the council tax and statutory determinations); and associated change management, asset management, and organisational development plans.

6.9 The block in purple covers the areas of effective engagement, communication and consultation across staff, partner and stakeholder groups and equality and service impact assessments. It is intended that early engagement in these activities takes place as an integral part of producing delivery options which will aid better and more effective decision making.

## 6.10 Timetable 2016/17 onwards

The process has commenced. Activity to date includes;

- Update of the revenue MTFO.
- Capital project mandates requesting consideration for capital investment for 2016/17 and future years are currently being produced.

Process and key dates to come include:

- Informal briefings to be held with Cabinet and CMT
- Resource allocation delivery options produced, in consultation with portfolio holders.
- Cabinet meet on 28 October to approve a draft resource allocation, revenue and capital programme for consultation.
- Scrutiny of the first draft budget proposals, including the draft capital programme, by scrutiny panels from 3 November to 1 December, and feedback to Cabinet on 16 December.
- Cabinet consider recommendations of scrutiny panels on first draft budget and make any amendments.
- Budget briefings for political groups and independents through the year.
- Consultation with the public on proposals for future service delivery, and formal employee and trade union consultation.
- Receipt of the draft 2016/17 settlement estimated in December 2015, and final in late January / early February 2016.
- Approval of the 2016/17 resource allocation, revenue budget and council tax bands, capital programme and Treasury Management Strategy by Cabinet on 3 February 2016 and by Council on 25 February 2016.

## **7. Council priorities**

- 7.1 The resource allocation process will be produced in accordance with the council's priorities as set out in the Corporate Plan.

## **8. Risk management**

- 8.1 Managers are required to deliver service and improvement targets on time, to standard and within budget. The resource allocation process is governed by the overarching medium term financial strategy. Risk management is an integral part of this activity and is embedded in budget preparation, monitoring and forecasting to enable potential variances and risks to be identified early and addressed.

## **9. Financial implications**

- 9.1 The outturn position will affect the overall financial standing of the council. The aim is to ensure the councils balances are at a level consistent with the requirements of the medium term financial strategy.

## **10. Legal implications**

10.1 None directly associated with this report.

## **11. Property implications**

11.1 There are no direct implications from this report.

## **12. Health and wellbeing implications**

12.1 There are no direct implications for this report, however the health and wellbeing of communities in Walsall have direct implications on the resources required within the Council and the wider public sector, and how resources are allocated.

## **13. Staffing implications**

13.1 There are no direct implications from this report.

## **14 Equality implications**

14.1 None directly associated with this report.

## **15. Consultation**

15.1 The report is prepared in consultation with the Chief Finance Officer, relevant managers and directors.

**Background papers:** Various financial working papers.

### **Appendices:-**

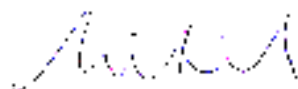
- 1 Financial Health Indicators 2014/15
- 2 Pre-audit Capital Outturn by scheme for 2014/15
- 3 Pre-audit Prudential and Treasury Indicators 2014/15

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**James T Walsh**  
**Chief Finance Officer**  
15 June 2015

**Councillor M. Bird**  
**Leader of the Council**  
15 June 2015

## Financial Health Indicators 2014/15

<b>Treasury Management</b>	<b>2013/14 Actual</b>	<b>2014/15 Target</b>	<b>2014/15 Actual</b>
Average Interest Rate (Borrowing)	4.60%	4.60%	4.60%
- Excluding OLA	4.73%	4.73%	4.73%
- Including OLA			
Gearing Effect on Capital Financing Estimates	1.23%	5.0%	1.0%
Net Borrowing Costs / Tax Requirement	5.8%	6.2%	5.7%
Capital Financing Requirement (£m)	300.990	317.293	306.084
Authorised limit for external Debt (£m)	351.207	349.022	349.022
Investment Rate Average	1.17%	0.9%	1.17%

<b>Balance Sheet Ratios</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14 (audited)</b>
Current Assets : Current Liabilities	2.70	2.70	2.80
Useable Reserves : General Revenue Expenditure	0.49	0.59	0.53
Long Term Borrowing : Tax Revenue (Using both council tax and NNDR for tax revenue)	1.25	1.13	1.71
Long Term Assets : Long Term Borrowing	1.89	1.84	1.87
Total School Reserves : Dedicated School Grant	0.07	0.08	0.09

<b>Revenues Performance</b> % collected for financial year	<b>2012/13 Actual Collected in total @ 31.03.15</b>	<b>2013/14 Actual Collected in total @ 31.03.15</b>	<b>2014/15</b>	
			<b>Profiled 2014/15</b>	<b>Actual 2014/15</b>
Council tax %	98.5	97.7	95.7	95.6
Total Council Tax collected (£m)	91,088,177	94,467,903	94,850,000	94,711,840
National Non Domestic Rate %	98.6	97.8	97	97.1
Total NNDR collected (£m)	66,705,823	68,212,922	68,100,000	68,168,227

<b>Debtors and Creditors Performance</b>	<b>2013/14 Actual</b>	<b>2014/15</b>	
		<b>Profiled Qtr</b>	<b>Actual Qtr</b>
Sundry Debtors Collection – Average number of days to collect debt	26 days	30 days	25 days
Average number of days to process creditor payments	12.47 days	14 days	14 days (now includes schools)

<b>Management of Resources</b>	<b>Actual 2013/14</b>	<b>2014/15 Actual ( pre-audit)</b>		
<b>Service Analysis</b>	<b>Post-audit</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Children's Services	75,628,617	60,704,177	63,329,024	2,624,847
Neighbourhood Services	58,807,949	54,617,420	54,180,334	(437,086)
Regeneration	18,589,664	8,463,978	8,308,500	(155,478)
Social Care & Inclusion	72,583,775	64,767,330	66,489,200	1,721,870
Resources	12,390,834	13,846,156	12,435,743	(1,410,413)
Council Wide	11,286,426	30,816,695	30,110,098	(706,597)
RSG/NNDR	(163,027,571)	(146,452,135)	(146,452,135)	0
<b>Total</b>	<b>86,259,694</b>	<b>86,763,621</b>	<b>88,400,764</b>	<b>1,637,143</b>
General Reserves	<b>14,865,489</b>	<b>Minimum £6.3m Maximum £12.5m</b>	<b>11,515,340</b>	<b>N/A</b>
Council Funded Capital Expenditure	11,958,013	20,682,481	15,057,702	(5,624,779)
Grant Funded Capital Expenditure	25,708,024	29,940,516	22,274,139	(7,666,377)
Prudential Expenditure	2,199,207	10,074,261	8,092,584	(1,981,677)
<b>Total Capital Expenditure</b>	<b>39,865,244</b>	<b>60,697,258</b>	<b>45,424,425</b>	<b>(15,272,833)</b>

Capital Receipts	781,250	2,220,000	3,600,888	1,380,888
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### What this tells us

Treasury Management	
Average Interest Rate (Borrowing)	The average interest rate we are paying on the money we have borrowed compared to our target.
Gearing Effect on Capital Financing Estimates	Shows how a 1% increase in interest rates would affect the total interest cost to the council.
Net Borrowing Costs / Tax Requirement	Borrowing not financed by a grant from government, as a proportion of our Net Revenue Expenditure
Capital Financing Requirement (£m)	How much money we currently borrow to finance our capital programme.
Authorised limit for external Debt (£m)	The maximum amount of debt we should have at any one time
Investment Rate Average	The average interest rate we are receiving on the money we have invested.

Balance Sheet Ratios	
Current Assets : Current Liabilities	Our ability to meet our liabilities
Useable Reserves : General Revenue Expenditure	If our reserves are adequate to meet potential future variations.
Long Term Borrowing : Tax Revenue Using only council tax for tax revenue Using both council tax and NNDR for tax revenue	The effect of long term borrowing on our budget.
Long Term Borrowing : Long Term Assets	This allows us to understand the relationship between the money we borrow and the assets we have as they both change over time.
Total School Reserves : Dedicated School Grant	If schools reserves are at an appropriate level.

<b>Revenues Performance</b>	
<b>% Collected for Financial Year</b>	As a percentage the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that its related to, but this won't be included in this figure
Council Tax (%)	
National Non Domestic Rate (%)	As a percentage the amount of Business rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it related to.
Total Council Tax Collected (£m)	This tells us the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.
Total NNDR Collected (£m)	This tells us the amount of Business Rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.
Sundry Debtors Collection Average number of days to collect debt	How long on average it takes us to collect money owed to us.
Average number of days to process creditors payments	How long on average it takes to pay our bills.

<b>Management of Resources</b>	
<b>Service Analysis</b>	
Children and Young People Neighbourhood Services Regeneration Social Care Resources Council Wide	Shows our forecast for how much we will spend on these services compared to what we planned and compared to how much we spent in the previous year.
General Reserves	Our forecast year end position on reserves against our opening balance.
Contingency	How much we have set aside and for unplanned expenditure, and how much we have left to spend.
Capital Expenditure	Forecast of our spend on capital programmes against our target
Capital Receipts	Forecast of how much money we expect to receive from selling some of our assets, against our target.





## APPENDIX 2 – PRE-AUDIT CAPITAL OUTTURN BY SCHEME 2014/15

COUNCIL FUNDED SCHEMES	2014/15 Budget £	Estimated Outturn £	Variance £	Carry forward to 2015/16 £	(Under)/ overspend £
<b>CHILDREN'S SERVICES</b>					
Barcroft Primary additional classroom	34,792	34,792	0	0	0
Barcroft Primary Toilet Block	2,541	2,541	0	0	0
Capital spend by schools using revenue	2,709,068	2,709,068	0	0	0
Rushall Primary/EDC alterations	1,622,230	1,185,444	(436,786)	(436,786)	0
Targeted Capital bids - Barcroft	190,485	138,859	(51,626)	(51,626)	0
Integrated childrens system	66,813	55,550	(11,263)	0	(11,263)
Social IT Systems Review & Enhancement	771,395	771,395	(0)	0	0
Contact Services	925,000	0	(925,000)	(925,000)	0
<b>CHILDREN'S COUNCIL FUNDED TOTAL</b>	<b>6,322,324</b>	<b>4,897,649</b>	<b>(1,424,675)</b>	<b>(1,413,412)</b>	<b>(11,263)</b>
<b>NEIGHBOURHOOD SERVICES</b>					
Allotment and community garden strategy - Borneo Street	9,947	580	(9,367)	(9,367)	0
Allotment Improvement Programme	15,000	0	(15,000)	(15,000)	
Allotments	6,027	6,027	(0)	0	0
Arboretum Play Area	4,477	3,980	(497)	(497)	0
Clayhanger Park skate park	80,000	0	(80,000)	(80,000)	
George Rose Park	31,243	31,240	(3)	0	(3)
Greenspace improvement plan	77,473	77,453	(20)	0	(20)
Log Shed (RCCO)	10,569	10,569	0	0	0
Mayrise System Mobile Working	40,000	40,000	0		0
Restoration and Renovation of Broadway West Playing Fields	75,000	0	(75,000)	(75,000)	0
Walsall Arboretum Car Park Resurfacing	170,000	3,350	(166,650)	(166,650)	0
Walsall Arboretum Embankment	981,000	981,000	0	0	0
Walsall Arboretum Restoration Programme - illuminated Park proposals	270,000	145,478	(124,522)	(124,522)	0
Walsall Green Pathways	63,389	63,389	0	0	0

<b>COUNCIL FUNDED SCHEMES</b>	<b>2014/15 Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>	<b>Carry forward to 2015/16 £</b>	<b>(Under)/ overspend £</b>
Willenhall Memorial Park	67,007	8,646	(58,361)	(58,361)	0
Vehicles purchased	144,980	144,980	0	0	0
Fryers Road Sprinkler System	268,000	0	(268,000)	(268,000)	0
Ryecroft Neighbourhood Resource Centre	129,000	129,000	0	0	0
Improving security in local neighbourhoods	4,225	0	(4,225)	(4,225)	0
Darlaston Community Association	253,875	253,875	0	0	0
Walsall TCTP ring road acquisition	100,000	7,812	(92,188)	(92,188)	0
Highways maintenance	1,958,670	1,958,635	(35)	0	(35)
Retained Housing Land	119,489	116,862	(2,627)	(2,627)	0
Lighting to save initiatives	11,986	8,688	(3,298)	0	(3,298)
Public Lighting Invest to Save for replacement LED lighting	230,798	230,798	(0)	0	(0)
A34 Birmingham Road	63,000	63,000	0	0	0
Footpath Highfield Road, Pelsall	15,607	0	(15,607)	0	(15,607)
New Invention car park	13,436	10,620	(2,816)	0	(2,816)
Pelsall Road flood alleviation scheme	7,105	7,105	0	0	0
Traffic signals infrastructure conversion LED signal operation	41,017	41,017	0	0	0
Valley Road	10,000	13,790	3,790	0	3,790
Verge Parking	124,711	121,835	(2,876)	0	(2,876)
Headstone safety in Cemeteries	50,851	50,851	0	0	0
Land purchase Bloxwich	45,000	45,000	0	0	0
Willenhall EACT Academy Swimming Pool Changing Provision	33,342	0	(33,342)	(33,342)	0
Forest Arts Centre (renovation of sports hall)	198,800	183,913	(14,887)	(9,646)	(5,241)
Bentley Community Facility	30,000	30,000	0	0	0
Libraries Universal Digital Offer	67,540	67,079	(461)	0	(461)
Acquisition of Art Work (NAG) (RCCO)	22,076	22,076	(0)	0	0
The New Art Gallery Walsall	82,302	82,301	(1)	0	(1)
Refurbishment & upgrade of college facilities & premises	71,067	71,067	(0)	0	0

<b>COUNCIL FUNDED SCHEMES</b>	<b>2014/15 Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>	<b>Carry forward to 2015/16 £</b>	<b>(Under)/ overspend £</b>
Refurbishment & Upgrade of IT	63,258	63,258	(0)	0	0
<b>NEIGHBOURHOOD COUNCIL FUNDED TOTAL</b>	<b>6,061,267</b>	<b>5,095,274</b>	<b>(965,993)</b>	<b>(939,425)</b>	<b>(26,568)</b>
<b>REGENERATION</b>					
Acquisition of Lex	280,000	280,000	0	0	0
Enabling works to Office development (Gigaport)	470,126	343,903	(126,223)	(126,223)	0
New Homes Bonus	174,440	174,440	(0)	0	0
Project Verne	50,000	50,000	0	0	0
RCCO (BCPIP)	1,661	1,660	(1)	0	(1)
Regenerating Walsall	319,453	135,299	(184,154)	(184,154)	0
Walsall Market	20,000	0	(20,000)	(20,000)	0
Replacement dev management, building control & land charge ICT system	113,700	68,045	(45,655)	(31,655)	(14,000)
Rushall Olympic Football Club	135,000	18,124	(116,876)	(116,876)	0
Asbestos Removal	65,977	65,977	(0)	0	0
Collingwood Centre Roof	108,675	108,675	0	0	0
Demolition of redundant buildings to save on rates	100,170	100,170	(0)	0	0
Freer Street structural works	9,854	4,107	(5,747)	(5,747)	0
Planned property maintenance	219,537	219,537	0	0	0
Replace heating & ventilation system within First Stop Shop	100,000	0	(100,000)	(100,000)	0
Replace heating & ventilation system within link block	100,000	0	(100,000)	(100,000)	0
Safe water supplies	104,105	104,105	(0)	0	0
Shop maintenance	153,137	136,088	(17,049)	(17,049)	0
Solar PV panels	425,000	1,656	(423,344)	(423,344)	0
Statutory Testing	119,176	119,176	0	0	0
Civic Centre essential maintenance	376,171	(0)	(376,171)	(376,171)	0
Fire risk assessment	87,908	87,908	0	0	0
Improving the customer experience when visiting the Council House	95,279	95,279	(0)	0	0
<b>REGENERATION COUNCIL FUNDED TOTAL</b>	<b>3,629,369</b>	<b>2,114,149</b>	<b>(1,515,220)</b>	<b>(1,501,219)</b>	<b>(14,001)</b>

<b>COUNCIL FUNDED SCHEMES</b>	<b>2014/15 Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>	<b>Carry forward to 2015/16 £</b>	<b>(Under)/ overspend £</b>
<b>RESOURCES</b>					
Risk Management	3,895	3,895	0	0	0
Uninsured Property Damage	450	450	0	0	0
HR Itrent upgrades (RCCO)	28,533	28,533	0	0	0
Aids and adaptations (statutory element)	1,866,528	1,816,227	(50,301)	(50,301)	0
Health through warmth and related Retro Fit schemes	400,164	61,373	(338,791)	(165,791)	(173,000)
Rivers House	25,321	18,345	(6,976)	(6,976)	0
DRFS - Trent Upgrade	133,569	133,569	(0)	0	0
Bring your own device security layers	28,465	2,940	(25,525)	(25,525)	0
Council wide IT planned rolling replacement and upgrade	537,697	220,358	(317,339)	(317,339)	0
Essential Enhancement to Data Security Systems	14,488	14,488	0	0	0
ICT essential maintenance virtual server infrastructure	74,000	74,000	0	0	0
ICT essential software licence charges	46,000	36,814	(9,186)	(9,186)	0
ICT requirements to cater for blending transitioned services	113,500	113,501	1	0	1
Improvements to ICT security (protection of council information)	18,000	17,788	(212)	0	(212)
Increase Council Internet Security	14,500	14,220	(280)	0	(280)
N3 Link	4,428	4,428	0	0	0
Replace essential Wide Area Network data circuits	16,945	1,445	(15,500)	(15,500)	0
Replenish smarter workplaces capital pot	152,200	84,534	(67,666)	(67,666)	0
Centrally held budgets	543,677	0	(543,677)	(421,264)	(122,413)
<b>RESOURCES COUNCIL FUNDED TOTAL</b>	<b>4,022,360</b>	<b>2,646,908</b>	<b>(1,375,452)</b>	<b>(1,079,548)</b>	<b>(295,904)</b>
<b>SOCIAL CARE</b>					
Preventative adaptations	647,161	303,722	(343,439)	(343,439)	0
<b>SOCIAL CARE COUNCIL FUNDED TOTAL</b>	<b>647,161</b>	<b>303,722</b>	<b>(343,439)</b>	<b>(343,439)</b>	<b>0</b>
<b>TOTAL COUNCIL FUNDED</b>	<b>20,682,481</b>	<b>15,057,702</b>	<b>(5,624,779)</b>	<b>(5,277,043)</b>	<b>(347,736)</b>

PRUDENTIAL SCHEMES	2014/15 Budget £	Estimated Outturn £	Variance £	Carry forward to 2015/16 £	(Under)/ overspend £
<b>NEIGHBOURHOOD</b>					
Active Living - Bloxwich (PWLb)	1,784,395	1,784,395	0	0	0
Active Living - Oak Park (PWLb)	1,422,527	1,422,527	0	0	0
Walsall arboretum restoration programme	238,646	238,646	0	0	0
<b>NEIGHBOURHOOD PRUDENTIAL TOTAL</b>	<b>3,445,568</b>	<b>3,445,568</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REGENERATION</b>					
Primark & Co-op development	5,855,669	4,385,930	(1,469,739)	(1,469,739)	0
Smarter Workplaces - Property (Prudential)	519,001	138,743	(380,258)	(380,258)	0
Smarter Workplaces - Workplace Solutions	88,422	88,422	0	0	0
<b>REGENERATION PRUDENTIAL TOTAL</b>	<b>6,463,092</b>	<b>4,613,095</b>	<b>(1,849,997)</b>	<b>(1,849,997)</b>	<b>0</b>
<b>RESOURCES</b>					
Finance Direct/Oracle	165,601	33,921	(131,680)	(131,680)	0
<b>RESOURCES PRUDENTIAL TOTAL</b>	<b>165,601</b>	<b>33,921</b>	<b>(131,680)</b>	<b>(131,680)</b>	<b>0</b>
<b>TOTAL PRUDENTIAL SCHEMES</b>	<b>10,074,261</b>	<b>8,092,584</b>	<b>(1,981,677)</b>	<b>(1,981,677)</b>	<b>0</b>

EXTERNALLY FUNDED SCHEMES	2014/15 Budget £	Estimated Outturn £	Variance £	Carry forward to 2015/16 £	(Under)/ overspend £
<b>CHILDREN'S SERVICES</b>					
Pathfinder short breaks	22,194	22,194	(0)	0	0
14-19 diplomas, SEN and disabilities	117,517	10,155	(107,362)	(107,362)	0
Academies	1,410,397	742,442	(667,955)	(667,955)	0
Barr Beacon language college s106	868	868	0	0	0
Basic need	1,853,415	698,846	(1,154,569)	(1,154,569)	0
Black Country University Technical College (UTC) - Phase 2	69,673	69,673	(0)	0	0
Capital maintenance	4,804,011	4,698,277	(105,734)	(105,734)	0
Devolved formula capital	870,468	415,231	(455,237)	(455,237)	0
Two year old capital funding	667,160	484,044	(183,116)	(183,116)	0
Universal infant free school meals	590,972	482,491	(108,481)	(108,481)	0
West Midlands UTC	30,116	30,116	0	0	0
Youth capital funding	36,694	18,767	(17,927)	(17,927)	0
<b>CHILDREN'S EXTERNALLY FUNDED TOTAL</b>	<b>10,473,485</b>	<b>7,673,104</b>	<b>(2,800,381)</b>	<b>(2,800,381)</b>	<b>0</b>
<b>NEIGHBOURHOOD</b>					
King George v playing fields S106	150,522	137,716	(12,806)	(12,806)	0
Palfrey Park	6,994	0	(6,994)	(6,994)	0
Recreating the Croft	2,288	2,288	0	0	0
Waste infrastructure capital grant	252,336	28,396	(223,940)	(223,940)	0
Additional Highway Maintenance emergency road repairs	251,947	251,947	0	0	0
Additional Highway Maintenance pothole funding	448,614	448,614	0		0
Development of Highways Asset Management Plan (HAMPS)	50,499	30,099	(20,400)	(20,400)	0
Local Highways Maintenance Funding	188,000	187,999	(1)	0	(1)
LTP Highway Maintenance - Bridges	262,945	165,685	(97,260)	(97,260)	0

LTP including bridge strengthening	508,058	13,755	(494,303)	(494,303)	0
Low emission Strategy	1,990	1,381	(609)	(609)	0
<b>EXTERNALLY FUNDED SCHEMES</b>	<b>2014/15 Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>	<b>Carry forward to 2015/16 £</b>	<b>(Under)/ overspend £</b>
Caldmore Road one way scheme	125,000	0	(125,000)	(125,000)	0
Harden Road Goscote	136,915	47,915	(89,000)	(89,000)	0
Land North of Leamore Lane	2,435	2,435	(0)	0	0
LTP Highway Maintenance	1,332,663	1,332,662	(1)	0	(1)
Pelsall Village Centre	144,064	7,600	(136,464)	(136,464)	0
Art works gifted/donated to NAG (accounting entry only)	1,755,320	1,755,320	0	0	0
The New Art Gallery Walsall (Grant)	196,098	147,970	(48,128)	(48,128)	0
Walsall arboretum restoration programme	1,822,453	1,817,918	(4,535)	(4,535)	0
<b>NEIGHBOURHOOD EXTERNALLY FUNDED TOTAL</b>	<b>7,639,141</b>	<b>6,379,700</b>	<b>(1,259,441)</b>	<b>(1,259,439)</b>	<b>(2)</b>
<b>REGENERATION</b>					
Black Country Business Property Investment Programme (BCPIP)	11,622	11,622	0	0	0
Black Country Enterprise Zone	115,017	61,326	(53,691)	(53,691)	0
Willenhall Townscape Heritage Initiative – Heritage Lottery Fund	285,997	129,281	(156,716)	(156,716)	0
Willenhall Townscape Heritage Initiative - VIEW	139,012	139,012	0	0	0
Darlaston SDA	5,897,793	4,319,624	(1,578,169)	(1,578,169)	0
Local Sustainable Transport Fund	254,869	254,869	0	0	0
Local Transport Plan (LTP)	1,489,977	1,269,814	(220,163)	(220,163)	0
LTP Black Country quick wins 2	67,426	63,376	(4,050)	(4,050)	0
Regenerating Walsall - Private Sector Contribution	15,353	0	(15,353)	(15,353)	0
Old Square - Contribution from Zurich	8,982	0	(8,982)	(8,982)	0
<b>REGENERATION EXTERNALLY FUNDED TOTAL</b>	<b>8,286,048</b>	<b>6,248,924</b>	<b>(2,037,124)</b>	<b>(2,037,124)</b>	<b>0</b>
<b>RESOURCES</b>					



Contribution Aids and Adaptations	418,995	129,461	(289,534)	(289,534)	0
Disabled facilities grant	1,390,118	1,390,118	0	0	0
<b>EXTERNALLY FUNDED SCHEMES</b>	<b>2014/15 Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>	<b>Carry forward to 2015/16 £</b>	<b>(Under)/ overspend £</b>
Investing in working smarter	50,466	50,466	0	0	0
<b>RESOURCES EXTERNALLY FUNDED TOTAL</b>	<b>1,859,579</b>	<b>1,570,045</b>	<b>(289,534)</b>	<b>(289,534)</b>	<b>0</b>
<b>SOCIAL CARE</b>					
Autism Innovation Capital Grant	17,266	17,266	0	0	0
Personal Social Services Grant	1,664,997	385,100	(1,279,897)	(1,279,897)	0
<b>SOCIAL CARE EXTERNALLY FUNDED TOTAL</b>	<b>1,682,263</b>	<b>402,366</b>	<b>(1,279,897)</b>	<b>(1,279,897)</b>	<b>0</b>
<b>TOTAL EXTERNALLY FUNDED</b>	<b>29,940,516</b>	<b>22,274,139</b>	<b>(7,666,377)</b>	<b>(7,666,375)</b>	<b>(2)</b>

## APPENDIX 3 – PRE-AUDIT PRUDENTIAL AND TREASURY INDICATORS 2014/15

The following tables show performance against statutorily required prudential and local indicators.

Prudential Indicator		Actual	Target	Position at	Variance to target	
		2013/14 £m	2014/15 £m	31-Mar-15 £m		%
PrI 1	<b>Capital Expenditure</b> (14/15 target revised due to cf from 13/14 and additional grants).	39,140	60,690	45,420	Cr 15.270	- 14%
PrI 2	Ratio of financing costs to net revenue stream	8.80%	9.90%	8.46%	Cr 1.44%	-14%
PrI 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£11.48	£9.36	£18.19	£8.83	94%
PrI 4	Capital Financing Requirement	300,990	317,293	306,084	Cr 11.209	-4%
PrI 5	Authorised Limit for external debt	351,207	349,022	349,022		0%
PrI 6	Operational Limit for external debt	308,866	307,527	307,527		0%
Prudential Indicator		Actual 2013/14 £m	Target 2014/15 £m	Position at 31-Mar-15		
PrI 7	Gross Borrowing exceeds capital financing requirement	No	No	No		
PrI 8	Authority has adopted CIPFA Code of Practice for Treasury Management	Yes	Yes	Yes		
PrI 9	Total principle sums invested for longer than 364 days must not exceed	14.500	25.000	15.500		
Prudential Indicator		Upper Limit	Lower Limit	Position at 31-Mar-14	Position at 31-Mar-15	
PrI 10	Fixed Interest Rate Exposure	95%	40%	94%	95%	
PrI 11	Variable Interest Rate Exposure	45%	0%	6%	5%	
PrI 12	<b>Maturity Structure of Borrowing</b>					
	Under 12 months	25%	0%	6%	5%	
	12 months and within 24 mnths	25%	0%	5%	22%	
	24 months and within 5 years	25%	0%	30%	26%	

5 years and within 10 years	50%	10%	<b>18%</b>	<b>17%</b>
10 years and above	85%	40%	<b>42%</b>	<b>30%</b>

All Prudential indicators were complied with. Key variances are because of the following reasons:-

Prl 1 Total capital expenditure - variation of £15.2m

The variation is due to capital carry forwards particularly capital grants which are expected to be spent in 2014/15.

Prl 2 Estimates of the ratio of financing costs to the net revenue stream variation of 1.4%

Compared to other councils, Walsall's ratio of capital financing to total revenue costs is low, which demonstrated good performance. This is less than target due to the saving from the MRP policy change relating approved by council in February.

Prl 12 Maturity Structure of Borrowing

For the purpose of the maturity profile indicator the next call date on a LOBO loan is assumed; as it is the right of the lender to require repayment. However due to the low interest rate environment it is unlikely that in the medium term that any of the LOBO's will be called.

Council approved the following local performance indicators, all of which were complied with during the year.

Local Indicators		Actual 2013/14	Target 2014/14	Position as at 31-Mar-15	Variance to target	Met
L1	Full compliance with prudential code	<b>YES</b>	Yes	<b>YES</b>		<b>Y</b>
L2	Average length of debt	<b>15</b>	15 to 25 years	<b>15</b>		<b>Y</b>
L3a	Net borrowing costs as % of net council tax requirement	<b>10.3%</b>	11.5%	<b>10.25%</b>	-8%	<b>Y</b>
3b	Net borrowing costs as % of Tax Revenue	<b>5.8%</b>	6.5%	<b>5.7%</b>	-8%	<b>Y</b>
L4	Net actual debt vs operational debt	<b>84%</b>	75 - 90%	<b>78%</b>		<b>Y</b>
L5	Average interest rate of external debt outstanding excluding OLA	<b>4.6%</b>	4.6%	<b>4.6%</b>	0%	<b>Y</b>
L6	Average interest rate of external debt outstanding including OLA	<b>4.73%</b>	4.73%	<b>4.73%</b>	0%	<b>Y</b>
L7	Gearing effect of 1% increase in interest rate	<b>1.23%</b>	5.00%	<b>0.99%</b>	-80%	<b>Y</b>
L8	Average interest rate received on STI vs 7 day LIBID rate	<b>0.75%</b>	0.50%	<b>0.66%</b>	33%	<b>Y</b>
L9a	AT call investments	<b>0.65%</b>	0.40%	<b>0.50%</b>	25%	<b>Y</b>
L9b	Short Term Investments	<b>1.21%</b>	0.80%	<b>1.08%</b>	34%	<b>Y</b>
L9c	Long Term Investments	<b>1.92%</b>	1.75%	<b>2.04%</b>	16%	<b>Y</b>

L10	Average interest rate on all ST investments (ST and AT call)	<b>1.09%</b>	0.70%	<b>1.02%</b>	46%	<b>Y</b>
L11	Average rate on all investments	<b>1.17%</b>	0.90%	<b>1.13%</b>	26%	<b>Y</b>
L12	% daily bank balances within target range	<b>100%</b>	98.00%	<b>100%</b>	2%	<b>Y</b>